



## My Say

with **Paul Hilton**  
CEO



Winter is over and Spring is well and truly in full bloom. Your garden is just like your business - you need to fertilise your soil at least every year to ensure you get maximum blossoms and good root growth.

To ensure your business reaches its full potential, you need to spend time on your business, not just in your business. This involves planning for the immediate year ahead as well as strategically planning for the medium to long term. This planning is even more important with the way technology is changing our lives on a daily basis.

I recently read an article by Deloitte on how digital disruption will affect one third of the Australian economy in the short term. The Australian internet economy is expected to grow at twice the rate of GDP up until 2016 from \$50 billion to \$70 billion. Online retail sales accounted for \$11.3 billion of sales or 5.2% of all retail spending for the year ended May 2012, when ten years ago it was nil! These statistics go to show that, in relation to digital disruption, the biggest risk to your business could be to do nothing!

To respond to these challenges it is important to:

- 1. Review cost structures** via making changes to supply chains, people and overheads to control

- 2. Review and build new revenue streams** via different geographic locations and segments; and
- 3. Review business strategies** in relation to risk and asset allocation with the ability to act quickly when needed.

Here at Power Tynan, our business is no different to any other. We have spent many hours fine tuning our Strategic Plan to ensure we remain competitive while offering our "Financial Solutions for a Better Life" to our clients in the most efficient and relevant way. This does not just involve technology but also our most valuable resource - our staff. Without engaged staff we will never be able to deliver good service and advice.

Whatever business you are in, it is imperative to set aside some time to review and work on your business, and plan ahead for the immediate and medium term to ensure you achieve your goals.

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# Reporting Season Wrap Up



with **Boh Burima**

RBS Morgans Authorised Representative (341081)

We entered this market reporting period with trepidation since the recent confessions and earnings downgrades that occurred in May/June this year. Earnings overall have been flat in financial year 2013, but outside the resource sector the market earnings have actually grown approximately 7%.

Admittedly, although sales growth overall has been weak, the focus on cost cutting has enabled bottom-line profit growth; and while higher payout rates indicate less reinvestment, there's scope for operating leverage to drive earnings in the near term.

The sound but still slightly mixed outcomes overall have been reflected across the market sectors. Resource earnings are down approximately 25% in financial

year 2013, but stabilised somewhat in the June half. Bank earnings have continued to contribute a fair share of the growth in the rest of the market, as have the general insurers and other financials. In most other sectors, subdued demand has made growth more challenging particularly for mining services, construction materials, retailing and aviation.

The reporting season has now confirmed that companies have been achieving some growth, yet with a lot of effort and focus.

Looking now to financial year 2014, bottom up estimates look for growth again, with improvement in traditional industrial and consumer sectors as sales begin to pick up and more cost savings are targeted.

Resource earnings are expected to lift as production ramps up and cost savings begins to flow through to the bottom line.

This recent reporting period looks much better than the previous two Augusts, when market earnings for the prospective year were downgraded 7-8%. The limited downgrades through results and updated outlooks could also be a sign that business conditions have bottomed, and with the decline in interest rates over the past two years, some general slowing of earnings downgrades seems likely over the months ahead.

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## Power Tynan Charitable Trust

As you are aware, our firm has reverted back to the branding of Power Tynan to incorporate all sectors of our firm, including our Charitable Trust. This change of name provided an opportunity to revamp our marketing material, including the brochure and the website.

The Charitable Trust is in the process of setting up a Give Now account, which will allow visitors to our website to donate to the Trust, in a bid to involve clients and the general public in our fundraising efforts to in turn support local charities. The website also gives charities the option to apply for funding from the Charitable Trust. As the Power Tynan Charitable Trust now donates to local charities each quarter, staff were recently asked to nominate charities to support for the quarter ending 30 September 2013. Once a list was collated, all staff were given the opportunity to vote for the charities they would like to see supported. Based on these votes, the charities selected were

AEIOU Foundation for Autism and Carramar Stanthorpe Home for Senior Citizens, with each organisation receiving \$2 250.

If charities would like to be considered as beneficiaries of the Trust, or if you as a client would like to make a donation to the Trust, please contact our office on 07 4632 8733.



Above: Carramar Director of care and administration Ann Bourke accepts the \$2250 donation from Power Tynan Charitable Trust Chairman Philip Saal and committee member Judy Chapman.



Above: AEIOU Foundation's Major Gifts and Sponsorship Manager Michael Brazier is presented with the cheque for \$2250 from Power Tynan Charitable Trust Chairman Philip Saal.





As we are all aware, many superannuation balances suffered substantial declines as a result of the Global Financial Crisis (GFC). This was especially an issue for fund members drawing an income stream (pension) from their fund.

The Government's response was to grant relief to such pensioners from the 2009 financial year, by reducing the total amount required to be withdrawn each year. Why was that important? The reason cited the most (especially in media releases) was to allow pensioners to avoid some forced sales of investments at depressed prices following the crisis. However, the other important factor is one that works in tandem with this: in order for the income stream to be given **concessional** taxation treatment, the set minimum drawdown (at least) had to be taken. Adverse tax consequences arise for income streams that do not meet all requirements.

Minimum drawdown amounts were halved for the financial years ended 30 June 2009, 2010 and 2011. Since then, there has been a transitional period offering 25% drawdown relief in the 2011 and 2012 financial years, consistent with Government policy to phase out the relief.

The result is that from **1 July 2013**, there has been NO drawdown relief announced, meaning that minimum drawdowns have been reinstated at pre-GFC levels. For

most pensions, the minimum drawdown required is based on a set percentage, which is determined by the pensioner's age at the beginning of the financial year. Alternatively, if the pension commences on a date other than 1 July, the percentage is determined by the pensioner's age at that time. The relevant percentage is applied to the pension account balance on 1 July (or later relevant date) to work out the minimum amount to withdraw before 30 June 2014.

The table below sets out the minimum drawdown percentages that apply for the current financial year.

Age	Minimum payment: % of pension account balance
Under 65 years	4%
65 – 74 years	5%
75 – 79 years	6%
80 – 84 years	7%
85 – 89 years	9%
90 – 94 years	11%
95 years & over	14%

#### **Beware**

If you are currently drawing a pension, the removal of drawdown relief means that you should review your drawdowns

as soon as possible (especially if you have a regular direct payment set up from your superannuation fund to your personal bank account). You will need to ensure that you can satisfy the required minimum before 30 June 2014 and consequently, some adjustments may need to be made. Carefully consider all relevant factors to avoid any nasty surprises later on – for example:

- Did your superannuation balance increase between 1 July 2012 and 1 July 2013?
- Which age bracket are you in? Have you moved into a higher age bracket requiring a larger percentage to be withdrawn?

If in doubt, contact our office, your superannuation fund trustee or administrator for further information.

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In this article we want to explore some of the myths about mortgages and allow you to make the most of your mortgage facility.

### **Myth 1 – Never lock in your interest rate**

If your budget is tight, the certainty of fixed home loan repayments can lessen the stress. There are great fixed loans on offer and with economic growth slowing and unemployment increasing, this can be a good strategy for some. So, if you want certainty above flexibility, fixing may be for you. If you think rates may fall further, hedge your bets by locking part of your loan and staying variable on the rest.

### **Myth 2 – You need to have at least 20 per cent of the purchase price as a deposit**

You do need a deposit, but some lenders still let you borrow up to 95 per cent of the purchase price. With a 20 per cent deposit, you can avoid expensive lender's mortgage insurance (LMI). So, if you are borrowing more than 80 per cent, factor in the LMI cost, which online calculators show could be about \$13,000 on a \$475,000 mortgage buying a \$500,000 home. Don't forget about the other upfront costs, including stamp duty, which can add up to 3 to 5 percent of the purchase price.

Redraw facilities allow you to withdraw any extra payments you make on your loan, sometimes for a fee.

### **Myth 3 – A cheap home loan is always the best**

It really depends on the features and flexibility you need. Basic loans, which have

a low rate, usually allow you to make extra payments without charge. Some allow redraw, but often at a cost.

Standard loans cost more and have more features, such as splitting between fixed and variable rates, full or partial offset facilities and portability.



Premium or package loans have all the bells and whistles, and offer perks on other products. The drawback is an ongoing interest rate discount of about 0.7 per cent or more, but the downside is an annual fee of about \$400.00.

### **Myth 4 – Mortgage offset is always better than redraw**

Mortgage offset involves having a separate account linked to your home loan. Amounts deposited in this account will be offset against your loan balance to calculate interest. In principle, both have the same impact, but offset accounts allow you more flexibility if you turn your home into an investment property – a possibility if, for example, you move interstate for work. Then your home loan becomes a deductible investment loan and the bigger it is, the bigger your tax deductions. The cash accumulated in your offset account can be used towards your new home, on which any borrowings will be non-deductible debt.

Offset accounts are available only with more expensive loans, which you may not need unless you have a reason, such as wanting flexibility to turn your home into an investment.

Source: *Australian Women's Weekly*, September 2013 Edition

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Cloud Accounting is challenging the way business is done, and doing it for the better. In a period where digital disruption and change is the hot topic, time as a business owner should be spent considering and challenging the 'old' or 'normal' ways of doing things. We have seen first hand as advisors and users of cloud accounting how it reduces or eliminates the time-consuming, data entry side of the business to create huge efficiencies and time savings, allowing you to focus on the more important aspects of your business.

### **What is Cloud Accounting?**

Cloud accounting is effectively the use of accounting software over the internet. No longer do businesses have to invest capital in expensive servers or hardware, and gone are the days of having clunky accounting software installed on your personal computer. Cloud accounting software (depending on the provider) is run as a SaaS – 'Software-as-a-Service' solution that is delivered over the internet, usually on a subscription basis to meet your business requirements. Your data is stored and processed on the software provider's secure servers, which means no more backups or lost data if your computer crashes! Cloud accounting via the internet means you can have access to your data anywhere, anytime on any device as long as you are connected to the internet.

### **Why Cloud Accounting?**

There are a number of reasons why Cloud Accounting is changing the way business is done. Here are a few reasons that we believe provide efficiency and provide your business with a competitive edge:

- Access to your data anywhere, anytime on any device – 24/7 access via internet anywhere in the world;
- Single Ledger – you and your accountant can work on the same live data file, no backups, no software installations, no updates or support costs;
- Real-time live view of cash flow and bank balances;
- Automated bank feeds – no more time consuming data-entry;
- Connect to Add-On Partners – Inventory, Point-of-Sale, CRM and many more;
- Free On-Line Support – 24/7;
- Full Payroll functionality with Employee Portal and Automated Superannuation Payments;
- Real-Time business decisions and collaboration with Advisor – no more data lag or working on past results;
- Low cost subscription – no more cost for support or software updates;
- A better way of doing business.

### **Where to from here?**

Cloud Accounting solutions are revolutionising the way organisations do business and will continue to do so as the cloud evolves. We at Power Tynan are proud to be recognised as Toowoomba's first and only Xero Gold Partner. Xero is one of the possible Cloud Accounting Solutions that we use and recommend, so if you would like to take charge and challenge the way you do business, please contact our office to discuss a possible solution that may suit your business needs.

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# Is your business keeping you awake at night?



with **Scott Patterson**  
Power Tynan Business Advisory Solutions



Most people in business often have concerns that they ponder over with varying levels of concern. Sometimes it may be a minor issue that can be resolved relatively easily, other times it can be more complex and serious concerns.

Particularly in the economic climate that

we have all been coping with over the last few years, doing business at any level has not been easy to say the least. In order to take the first step in addressing any concerns that you might have, please take the time to work through the following list of questions and see if one or more of them represent issues that are keeping you awake at night - answering these questions can be a searching exercise and should not be done quickly or flippantly:

- ✓ Are your business competitors causing you problems? Do you know what they are doing and why they seem to be beating you to the punch on business deals?
- ✓ Are you concerned about changing business conditions? These changes might be upon you right now or looming in the period ahead.
- ✓ Are you concerned about declining sales and profit margins?
- ✓ Is cash flow an issue in your business? Are you making sales and maybe even growing but cash still seems to be tight?
- ✓ Are you stressed and your lifestyle is not what it should be? The causes of this can be for a whole host of reasons, but if it is occurring, it is important to identify the issue(s) and take action to address the situation.
- ✓ Are you concerned about access to the

- ✓ funding that you need to run your business?
- ✓ Are you having problems attracting, retaining and motivating staff?
- ✓ Do you have a clear plan for the future direction of your business?
- ✓ Are you concerned about succession planning or transitioning out of your business in a time frame that suits you? Are you concerned about who will take over your business and how you will fund your retirement?
- ✓ Are you concerned about selling your business for the highest price?
- ✓ Are you worried about protecting your business and family assets?
- ✓ What are your life plans? What are the things that are important to you, and what do you want to do with the rest of your life, or at least the good years ahead? Is there alignment between what you are doing now and where you want to be?

If any of these issues are keeping you awake at night, please do not hesitate to contact our office. Believe it or not, there are solutions for all of them. It is a matter of clearly identifying the cause(s) of the problem and then designing solutions to suit your needs.

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## Client Corner – DJ Buckley Builders Pty Ltd

Each quarter, we interview one of our clients to get an insight into their business. This issue, we spoke to Darren Buckley of DJ Buckley Builders Pty Ltd.

**When did your business commence?**  
We started in 2003 as a sole trader organisation, employing only one apprentice, with D J Buckley Builders Pty Ltd being formed in June 2005. The business has grown from a two man team to now having over 10 staff, and in July 2011 DSB Joinery was purchased.

**What does your business do?**  
D J Buckley Builders is a Toowoomba based company, however it carries out a large range of building needs to fulfill the dreams of our clients, whether it be commercial or domestic. We take pride in being a very personal business and take the opportunity to make every house, renovation or even tiny extension unique.

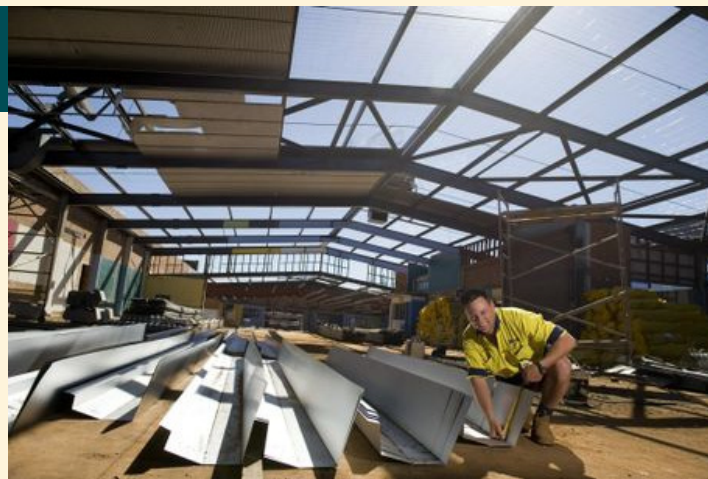
DSB Joinery specialises in handcrafted timber work including timber doors and windows, specialty timber work, door and window hardware, supply, delivery and installation. Our aim is to design and produce

timber based joinery products to suit the specific needs and requirements of our valued customers.

**What makes your business successful?**  
Both businesses try to work one on one with all clients, which seems to be the success of the business.

**What has been your biggest achievement to date?**  
D J Buckley Builders won a Master Builders award in 2005 for Craftsman to be Commended and, in 2013, won two Master Builders awards, for renovations and extensions over \$576,000 and best bathroom for Downs and Western Region.

**What is one piece of advice you would give to someone starting up a business?**  
Starting a new business is always a challenge; however our best advice for anyone starting out in a new business would be to never underestimate the power of word of mouth.



**How do you relax from the pressures of being in business?**  
As pressures always arise when being in business, I take any opportunity I can to make time for family and friends, and a run to Tambo with four mates to oversee agistment of our cattle.



## Staff Spotlight



Congratulations to our very own Ben 'The Weapon' Twidale for his performance at Fighting Fit's Corporate Fight Night, held at the Irish Club in Toowoomba on Friday 2nd August. This was Ben's first fight and we were extremely impressed with his efforts!



On Friday 16th August, our CEO Paul Hilton participated in the Toowoomba Hospice 'Hang Ya Boss Out To Dry' campaign. This involved Paul being raised high above the ground in a cherry picker, with a challenge to call in donations from friends, family and work colleagues, and only once he had raised \$750 was he allowed back on solid ground. Paul went above and beyond this task, raising over \$4000 for the charity – might have had something to do with his fear of heights!

Power Tynan has been offering the Graduate Scholarship Program to Year 12 graduating students for the past six years. The Program offers high school leavers the opportunity to study a business degree (part-time) at any University while working for our company on a full time basis. We pay the individual's HECS fees for all successfully completed subjects. The obvious advantage to the scholarship recipients is that they have their course fees paid and are in a position where they can apply their knowledge practically and receive valuable on-the-job mentoring and training.

During the year, our CEO Paul Hilton has been visiting high schools throughout the region to talk to accounting and business students not only about our scholarship program, but also about careers in business and how this can lead to various areas of employment including accountancy, finance, corporate services as well as financial planning and stockbroking. The scholarship program is not only applicable to students who may be interested in accounting – there are opportunities for the scholarship recipients to work in the other abovementioned areas as well.

Applications for the 2014 Scholarship Program must be received by 5pm Friday 25 October 2013. Application Forms are available on the USQ website – <http://www.usq.edu.au/scholarships/usq/power-tynan>.



Congratulations to Gilda Brisotto of our Stanthorpe office, who recently received commendation from a Government Department Head in regards to the audit of one of her clients.



### FREE CONSULTATION

For any of our existing clients who do not currently use RBS Morgans for their financial planning or risk protection, we would like to offer a free one hour consultation with one of our advisers. Please contact our office to book your appointment! This offer is valid until 30 November 2013.

## Staff Spotlight

Professional Manager of the Year at the 2013 Australian Institute of Management (AIM) Excellence Awards. This premier award program is focused on recognising individuals in the workplace whose vision, skill and integrity stand out from the rest and inspire others to succeed. Congratulations Amanda on this outstanding achievement!



As you may already be aware, Power Tynan's Brooke Shatte is a Young Ambassador of the Stanthorpe Apple & Grape Festival, being held in March 2014.

The role of a Festival Young Ambassador is to be the face of the Festival and help raise funds to keep the Festival financially viable. Each Young Ambassador is sponsored by a business or organisation that supports their Ambassador in their Festival fundraising efforts. Brooke's next fundraising event is a Garden Party being held in Stanthorpe on Saturday 9th November. As this is the Saturday after Melbourne Cup, and the Emirates Stakes Day, the party will be 'Race Day' themed, with a fashion parade and prizes for the best hat or fascinator.

All the staff of Power Tynan are throwing their full support behind Brooke and wish her well in her fundraising endeavours.



We are a proactive, dynamic and innovative firm committed to assisting local, national and international business. From our offices located in Toowoomba, Stanthorpe and Roma we are able to support you no matter where you are located.

We have an experienced and innovative team of financial solution specialists, dedicated to providing solutions to satisfy our clients' every need. Power Tynan understand the unique needs and goals of businesses.

Accountants, Advisors, Financial Planners, Mortgage Brokers, Stockbrokers

### POWER TYNAN

*Financial Solutions for a Better Life*



**Business Advisory Solutions**



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**Superannuation Solutions**

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